

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Tuesday, February 20, 2015 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Marvin Fuller called the meeting to order at 6:32 a.m. Board Members present were John Yeager, Mitch Herzog, Demond Dawkins and Todd Winters.

Ex-officio member City Manager Mindy Manson was present.

WEDC staff present was Executive Director Sam Satterwhite and Sr. Assistant Angel Wygant.

CITIZEN PARTICIPATION

With no citizen participation, Mr. Fuller proceeded to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the January 20, 2015 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Demond Dawkins and seconded by Todd Winters to approve the January 20, 2015 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon approval of the January 2015 WEDC Treasurer's Report.

MOTION: A motion was made by Mitch Herzog and seconded by John Yeager to approve the January 2015 WEDC Treasurer's Report. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 3 – {Remove from Table} Consider and act upon a Performance Agreement between the WEDC and R.R. Maguire Management, Inc.

MOTION: A motion was made by Mitch Herzog and seconded by Todd Winters to remove this item from Table. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

Staff reminded the Board that Northeast Chiropractic and Aquatic Therapy (Dr. Ryan Maguire) had approached WEDC in November 2013 with a request for assistance to relocate a pool

utilized in its aquatic therapy services to an existing building at Stone and Ballard. Subsequently the parties were unable to come to terms on a lease and Dr. Maguire identified a 7,600 square foot building located at 101 S. Ballard owned by Billy Conkle. Dr. Maguire has partnered with Anytime Fitness to lease the building and began remodeling efforts in March 2014. Approximately six months ago Dr. Maguire severed ties with his general contractor and undertook remodeling 101 S. Ballard and the construction of a 700 square foot building to house the aquatic therapy operations. Staff presented photos of the structure being demolished for the aquatic therapy room which was uninhabitable and a safety concern.

Upon completion, Dr. Maguire will expend \$50,000 on the construction of the aquatic therapy structure alone. Staff is recommending an incentive package of \$20,000 which cannot be justified utilizing a standard cost benefit analysis of appraised value generating 'x' amount of property taxes over a 3-5 year period as is the norm with typical EDC projects.

Total project costs contributing to staff recommendation were as follows:

Aquatic Therapy Building	\$50,000
Interior Remodel**	60,000
Elevator**	<u>32,500</u>
Total	\$142,500

**Costs represent 50% of the total investment.

Prior to the project currently under construction, the 101 South Ballard building was a single use structure with a second story only utilized for miscellaneous storage. The adjacent structure to the east had no value and could not be utilized due to its dilapidated state. While the WEDC typically does not fund remodeling efforts that have no significant net new value attached, the investment by Dr. Maguire on the interior and the addition of an elevator in staff's opinion cannot be ignored as to its impact on the ongoing marketability, use, and value of the building. The elevator alone doubles the leasable office space in the building. Staff believes that the project as a whole and its impact on Downtown Wylie warrants the Board to consider an incentive that again cannot be judged on its return in property taxes.

As outlined in the attached Performance Agreement, staff proposed that upon receipt of a Certificate of Occupancy (CO) for the Aquatic Therapy Building, a final CO for the building housing Northeast Chiropractic and Anytime Fitness, and confirmation of expenses by R.R. Maguire Management, Inc. in an amount not less than \$142,500, the WEDC funds a one-time incentive payment of \$20,000 to R.R. Maguire Management, Inc.

Staff recommended that the WEDC Board of Directors approve a Performance Agreement between the WEDC and R.R. Maguire Management, Inc. as presented.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to approve the Performance Agreement between the WEDC and R.R. Maguire Management, Inc. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 4 – Consider and act upon issues surrounding a Performance Agreement between the WEDC and Stephen Perkins, Inc.

Staff explained that this project is very similar, if not identical, in scope to the R.R. Maguire issue. Mr. Stephen Perkins operates an Anytime Fitness facility at 101 S. Ballard, Suite A. Anytime Fitness was previously located within Shafer Plaza with the relocation resulting in a significant reduction in lease expense. Mr. Perkins has shared expenses equally with Dr. Maguire save and except the construction and finish out of a 700 square foot aqua therapy building.

Project costs for Mr. Perkins are as follows:

Interior Remodel**	\$60,000
Elevator**	<u>32,500</u>
Total	\$92,500

**Costs represent 50% of the total investment.

In staff's opinion the same arguments apply from the Maguire issue in that you cannot establish an incentive figure based solely on new value or added square footage. Working against Mr. Perkins in this case is that no new structure is being built which reduces the potential incentive. However, the installation of an elevator and significant finish out of a third or fourth generation office building is still key to staff's recommendation in this case. The argument can actually be made that the addition of an elevator to this building is equivalent to an expansion in that the tenants have doubled the leasable square footage. Further and equally important, Anytime Fitness is bringing approximately 1,000 individual visits per week to Downtown Wylie. Granted, many of these visits may be duplicate, but the added activity no doubt impacts the overall vitality and business activity within the downtown area.

As outlined in the attached Performance Agreement, staff proposed that upon receipt of a final Certificate of Occupancy (CO) for the commercial structure located at 101 S. Ballard Suites A & B, housing both Anytime Fitness and Northeast Rehab, and confirmation of expenses by Stephen Perkins, Inc. in an amount not less than \$92,500, the WEDC funds a one-time incentive payment of \$10,000 to Stephen Perkins, Inc.

Staff recommended that the WEDC Board of Directors approve a Performance Agreement between the WEDC and Stephen Perkins, Inc. as presented.

Board Member Dawkins brought to Staff's attention, a typographic error on page 2 of 4 of the Performance Agreement. Staff noted the correction to be made in the final version.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to approve the Performance Agreement, as amended on page 2 of 4, between the WEDC and Stephen Perkins, Inc. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 5 – Consider and act upon an Agreement between the WEDC and The Retail Coach, LLC for consulting services.

Staff reviewed a proposal from The Retail Coach to develop a Retail Economic Development Plan for the Wylie community. Staff reviewed that the WEDC first hired The Retail Coach in 2007 to assist the City and WEDC in developing marketing materials for ICSC. While staff will not attribute 100% of our success in securing Target that year to their services, staff was confident that the Wylie team was fully prepared and presented professional and pertinent materials which were beneficial to brokers, developers, and end users that the WEDC had direct interaction with at ICSC including Direct Development and Target.

In 2008, 2009, and 2010 The Retail Coach provided a cursory update to our Retail Trade Area demographics at no cost but did not perform an on-site evaluation of Wylie or the changes to the region. In February 2011 the WEDC entered into an agreement with the Retail Coach to develop a Restaurant Recruitment Strategy for concepts which the WEDC identified via a wish-list which netted quality contacts and follow up with Fuzzy's Taco, Rosa's, Wingstop, Venture Commercial, Falcon Realty Advisors, John T. Evans, Anamia's Tex Mex, and Freebird's. The mistake staff made at that time was not turning over 100% of the follow up with the above concepts and other identified retailers to The Retail Coach staff. While the effort was there, it is much more efficient and productive to turn this task over to full-time professionals to head-up our restaurant recruitment strategy from beginning to end and maximize their relationships with the brokerage community.

Wylie has changed significantly over the past several years and staff believes there is an almost immediate opportunity to parlay our recent success with The Rock Wood Fired Kitchen into other concepts which may have previously believed that daytime population, access, or other site selection criteria were not at an adequate level to support an investment in Wylie.

While staff will be involved in the process, The Retail Coach staff will be 100% responsible for developing the marketing materials, identifying retailers/restaurants which will value and succeed in the Wylie market, scheduling face-to-face meetings with the same, and following up for a two year period.

As detailed in the presented proposal, retail analysis has progressed beyond identifying pure demographics within a certain drive-time to include license plate analysis of existing shoppers and psychographic data evaluating what typical families in the Wylie market spend their disposable income on and targeting entities which are a match.

As shown on Page 11 of the proposal, the Project Fees equal \$30,000 which establishes a two-year service agreement and secures on-site assistance (scheduling and attending meetings) for ICSC – National 2015 & 2016 as well as ICSC – Texas 2015 & 2016.

Staff recommended that the WEDC Board of Directors authorize the Executive Director to enter into an Agreement with The Retail Coach in the amount of \$30,000 for the creation and implementation of a Retail Economic Development Plan.

MOTION: A motion was made by Mitch Herzog and seconded by Todd Wintters to approve the Agreement between WEDC and The Retail Coach, LLC. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

DISCUSSION ITEMS

ITEM NO. 6 – Staff report: review issues surrounding Performance Agreements between the WEDC and: Woodbridge Crossing, Ascend Custom Extrusions, CSD Woodbridge, All State Fire, Exco Tooling Solutions, Jackson Street properties, ICSC 2015 National Conference, City of Wylie 19 acres tract on F.M. 544, staff training, WEDC website and aerial update, sporting events and regional housing starts.

Woodbridge Crossing

Attached for the Board's review was the Sales Tax Reimbursement Report which identifies all sales taxes received through January 2015 within Woodbridge Crossing for the City General Fund, the WEDC, and the 4B. As a reminder, the City and WEDC reimbursed 85% of all sales tax generated within Woodbridge Crossing through September 2013 with the reimbursement percentage reduced to 65% thereafter. Due to the default under the Amended and Restated Performance Agreement, Woodbridge Crossing is only eligible to receive up to \$6 million in sales tax reimbursement through September 2021 as opposed to the maximum reimbursement of \$12 million originally contemplated.

\$2,451,519 has been reimbursed through November 2014 with net receipts of \$1,598,509 after reimbursements. As well, it is estimated that \$2.5 mm has been paid in ad valorem taxes to the City of Wylie (excluding the WISD).

As shown on the Sales Tax Reimbursement Report, \$124,878 was generated in sales tax in November 2014 versus \$80,120 in November of 2013. This increase represents a 56% gain over 2013 receipts. The Board will recall though that many businesses were not being tracked properly by the Comptroller which was identified and corrected in February 2014.

Ascend Commercial Lease and Performance Agreement

Attached for review were the Ascend Custom Extrusion Critical Dates Analysis and Performance Agreement Monitoring Procedures. Payment #4 of 5 for the Economic Incentives has been funded with Ascend meeting all Performance Obligations within Sections A and B of the attachment.

Also attached for review was the Performance Agreement between the WEDC and ACE which was approved in December 2013. Payment #2 of 4 has been funded with Ascend meeting all Performance Obligations within Section A of the attachment.

CSD Woodbridge Performance Agreement

On July 15, 2013 a certificate of occupancy (CO) was issued for Kroger Marketplace. Beginning October 1, 2013 and ending October 1, 2023, Clark Street Development is eligible to receive a ½ cent sales tax reimbursement from the WEDC (City of Wylie not part of sales tax reimbursement agreement). Quarterly payments will be made to Clark Street based upon the data provided by the Comptroller. In addition to the \$100,000 reimbursement incentive paid by the WEDC at CO, Clark Street is eligible to receive cumulative incentives of \$1,100,000 over the life of the Agreement.

Along with a summary of the Performance Agreement, a Sales Tax Reimbursement Report was included for the Board's review. The Board noted that the August receipts fell dramatically, most likely due to Kroger not being included within the report. The only logical explanation for the decrease is that Kroger must pay quarterly.

All-State Fire

While All-State has closed on its lot on Century Way, they are having significant difficulties in obtaining financing without having to place more cash into the project. Central to their challenge is that there are not any comparable sales in Wylie or the surrounding area to support the financing terms of its primary lender, Bank of America, which is structuring a SBA loan for All-State.

There exists the real potential that All-State will sell its lot in Wylie and locate elsewhere. Staff has discussed options which could benefit All-State including 100% of incentives payable upon CO or possibly a loan subordinate to its lenders.

Exco Tooling Solutions

Exco has begun construction of its 30,000 square foot facility within Premier Business Park. All indications point to an October completion date. Pulliam Construction Management is the general contractor with many local subs having an opportunity to bid on the project. As provided in the Summary of Performance Obligations, the WEDC will fund an \$87,000 incentive upon issuance of a CO followed by four payments of \$20,000 over the following four years.

Jackson Street Properties

Staff met with D2 Investment and Adams Engineering to begin the process of master planning the 1 acre owned by the WEDC on Jackson Street. Early indications lead to the thought that a three story structure would be required to satisfy density requirements for a mixed use project with multi-family and commercial uses.

Stark differences are found in the responses of each party looking at the project ranging from the approach of studying the potential with land planners and architects to seeking out developers of similar projects to determine if there is an immediate interest.

ICSC National Conference

The International Conference of Shopping Centers will be held this year on May 17 – 20, 2015. Staff is already preparing for this event with a much needed update of marketing materials, web site, aerial photography, and potentially employing a consultant to assist with marketing Wylie to new retail/restaurant concepts.

City of Wylie 19 Acre Tract at F.M. 544

Staff, along with the City of Wylie Director of Planning, presented to the Wylie City Council a first draft of a concept plan developed by PBK Architects identifying the commercial potential for City property located near the intersection of F.M. 544 and Sanden Boulevard. The key concept presented was staff's belief that an anchor must be attracted to the property in the form of either a hotel or a significant office complex to attract/support a mixed use development comprised of multi-family, retail, restaurant, and professional services. Staff will present the rendering at the Board meeting.

Staff Training

Staff completed the first of six classes required for becoming a Certified Economic Developer by the International Economic Development Council. The next class is scheduled for April 9 - 10, 2015 in Atlanta.

WEDC Website and Aerial Update

Staff has begun the process of updating aerial photography and a complete rebuild of our website. Both tasks are scheduled for completion prior to ICSC.

Sporting Events

Staff attached a spreadsheet by which the use of Mavericks tickets are tracked.

Regional Housing Starts

Forty-six homes were permitted in Wylie for January 2015. Sachse, Lavon, and Murphy permitted a combined twenty-one homes over the same period.

No action is requested by staff for this item.

EXECUTIVE SESSION

Recessed into Closed Session at 7:47 a.m. in compliance with Section 551.001, et seq. Texas Government Code, to wit:

Section 551.072 (Real Estate) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). Consider the sale or acquisition of properties located near the intersection of:

- Industrial Court and Birmingham
- Ballard Street & Stone Rd.
- Cooper Drive & State Highway 78

Section 551.087 (Economic Development) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

Ex-officio member Manson left the meeting at 8:41 a.m. Board Member Herzog left the meeting at 8:41 a.m. due to a conflict of interest relating to project 2014-9b.

- Project 2014-9b
- Project 2015-2a

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 8:49 a.m. and took no action.

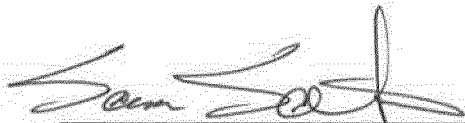
ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 8:49 a.m.



Marvin Fuller, President

ATTEST:



Samuel Satterwhite, Director